

VILLAGE OF BARODA
BERRIEN COUNTY, MICHIGAN

INDEPENDENT AUDITOR'S REPORT

March 31, 2011

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BERRIEN COUNTY, MICHIGAN

INDEPENDENT AUDITOR'S REPORT

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**Village of Baroda
Berrien County, Michigan
Management's Discussion and Analysis
Fiscal Year 2010 - 2011**

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide financial statements.

Government Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, using accounting methods similar to those used by private-sector companies. The Statement of Net Assets and Statement of Activities are designed to be corporate-like in that all the government and business-type activities are consolidated into columns, which add to a total for the Primary Government. These statements should help the reader to answer the questions: Is the Village, as a whole, better off or worse off as a result of this year's activities? The year's revenues and expenses are recognized regardless of when cash is received or paid?

The Statement of Net Assets focus is designed to be similar to the bottom line results for the Village and its governmental and business-type activities. This statement combines and consolidates governmental funds' current financial resources, (short-term spendable resources) with capital assets and long-term obligations (total economic resources). This statement presents all of the Village's assets and liabilities, with the difference between the two reported at "net assets." Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. However, in order to assess the overall health of the Village, non-financial factors such as the Village's property tax base and condition of its infrastructure (water lines, sewer lines and lift stations) may also need to be considered.

The Statement of Activities is focused on both the gross and net cost of the various activities (governmental and business-type activities) that are supported by the Village's property taxes, state revenue sharing, water and sewer user fees, and other revenues. This presentation is intended to summarize and simplify the user's analysis of the cost of the various governmental services and provides information showing how the Village's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Village of Baroda that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, public safety, public works, community and economic development, and recreation and culture. The business-type activities of the Village include the water and sewer funds.

Both statements report two activities:

1. Governmental Activities - Most of the Village's basic services (park and government operations) are reported under this category. Taxes and intergovernmental revenue generally fund these services. The Village's governmental activities include legislative, general government, public safety, public works, community and economic development, and recreation and culture.
2. Business-type Activities - The Village charges fees to customers for water and sewer usages to cover all or most of the cost of services provided. The Village operates two business-type activities that reflect private sector type operations: Water and Sewer operating.

Fund Financial Statements

Traditional users of the governmental financial statements will find the fund financial statements presentation more familiar. These statements provide more detailed information about the Village's most significant funds (Major Funds), not the Village as a whole. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the Village uses to maintain control over resources that have been segregated for a specific activity or objective. The Village of Baroda, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

State Law requires certain funds be maintained. The Village Council establishes other funds to control and manage money for particular purposes. The Fund Financial Statements allow the demonstration of sources and uses and/or budgetary compliance associated therewith.

All of the funds of the Village of Baroda can be divided into two categories: governmental and proprietary funds. Governmental Funds include the General Fund, and special revenue funds. The Proprietary Funds include the Water and Sewer Operating Funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental fund statements are presented on a modified accrual basis, which focuses on the near-term sources and uses of available resources. This is the manner in which the budget is typically developed.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Most of the Village's basic services are included in governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow in and out, and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs.

The Village of Baroda maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general operating fund, and three special revenue funds - Major Street, Local Street and Capital Projects, which are considered major funds.

Proprietary Funds

The Village of Baroda maintains one type of proprietary fund - Enterprise Fund. Enterprise funds are used to report the same functions as presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its Water Operating and Sewer Operating Funds. The Village has no internal service funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Operating and Sewer Operating funds and are considered major funds of the Village.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Additional Required Supplementary Information

Following the basic financial statements is additional required supplementary information that further explains and supports the information in the financial statements.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the Village's case, assets exceeded its liabilities at the end of the fiscal year by \$2,816,676. However, a portion of the Village's net assets (56%) represents its investment in capital assets (e.g. land, buildings, equipment, water and sewer systems). The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total	
	<u>2010-11</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2009-10</u>
Assets						
Current assets	\$ 596,499	\$ 552,509	\$ 650,935	\$ 653,093	\$ 1,247,434	\$ 1,205,602
Non-current assets	<u>846,784</u>	<u>878,099</u>	<u>824,497</u>	<u>825,816</u>	<u>1,671,281</u>	<u>1,703,915</u>
 Total Assets	 <u>\$ 1,443,283</u>	 <u>\$ 1,430,608</u>	 <u>\$ 1,475,432</u>	 <u>\$ 1,478,909</u>	 <u>\$ 2,918,715</u>	 <u>\$ 2,909,517</u>
Liabilities						
Long-term debt outstanding	\$ -	\$ -	\$ 80,000	\$ 90,000	\$ 80,000	\$ 90,000
Other liabilities	<u>9,127</u>	<u>2,085</u>	<u>12,912</u>	<u>6,757</u>	<u>22,039</u>	<u>8,842</u>
 Total Liabilities	 <u>\$ 9,127</u>	 <u>\$ 2,085</u>	 <u>\$ 92,912</u>	 <u>\$ 96,757</u>	 <u>\$ 102,039</u>	 <u>\$ 98,842</u>
Nets Assets						
Invested in capital assets, net of related debt	\$ 846,784	\$ 878,099	\$ 744,497	\$ 735,816	\$ 1,591,281	\$ 1,613,915
Restricted	-	-	14,443	16,651	14,443	16,651
Unrestricted	<u>587,372</u>	<u>550,424</u>	<u>623,580</u>	<u>629,685</u>	<u>1,210,952</u>	<u>1,180,109</u>
 Total Net Assets	 <u>\$ 1,434,156</u>	 <u>\$ 1,428,523</u>	 <u>\$ 1,382,520</u>	 <u>\$ 1,382,152</u>	 <u>\$ 2,816,676</u>	 <u>\$ 2,810,675</u>

Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	<u>2010-11</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2009-10</u>
Program Revenues						
Charges for services	\$ 11,218	\$ 11,599	\$ 208,187	\$ 218,375	\$ 219,405	\$ 229,974
Operating grants and contributions	207,893	62,318	-	-	207,893	62,318
Capital grants and contributions	-	-	-	-	-	-
General Revenues						
Property taxes	179,657	197,159	-	-	179,657	197,159
State-shared revenues	68,225	68,483	-	-	68,225	68,483
Investment earnings	25,193	29,290	4,398	8,954	29,591	38,244
Other revenue	<u>16,509</u>	<u>429,671</u>	<u>-</u>	<u>-</u>	<u>16,509</u>	<u>429,671</u>
Total Revenues	<u>\$ 508,695</u>	<u>\$ 798,520</u>	<u>\$ 212,585</u>	<u>\$ 227,329</u>	<u>\$ 721,280</u>	<u>\$ 1,025,849</u>
Program Expenses						
General government	\$ 118,699	\$ 135,793	\$ -	\$ -	\$ 118,699	\$ 135,793
Public safety	19,113	4,583	-	-	19,113	4,583
Public works	263,103	174,449	-	-	263,103	174,449
Community and economic development	83,356	26,775	-	-	83,356	26,775
Recreation and culture	18,791	17,698	-	-	18,791	17,698
Interest on long-term debt	-	-	-	-	-	-
Water and sewer	<u>-</u>	<u>-</u>	<u>212,217</u>	<u>235,075</u>	<u>212,217</u>	<u>235,075</u>
Total Expenses	<u>\$ 503,062</u>	<u>\$ 359,298</u>	<u>\$ 212,217</u>	<u>\$ 235,075</u>	<u>\$ 715,279</u>	<u>\$ 594,373</u>
Change in Net Assets	<u>\$ 5,633</u>	<u>\$ 439,222</u>	<u>\$ 368</u>	<u>\$ (7,746)</u>	<u>\$ 6,001</u>	<u>\$ 431,476</u>

Governmental Activities Net Assets increased \$6,001. Highlights are listed below:

- Experienced a decrease of \$17,502 in Tax Revenues.
- Experienced a slight decrease in State Revenue Sharing of \$258.
- Experienced an increase in Other Revenue of \$14,525.
- Experienced an increase of \$145,575 in Operating Grants and Contributions.
- Experienced a \$17,094 decrease in General Government Expenditures.
- Experienced an increase in Public Safety Expenditures of \$14,530.
- Experienced an \$88,654 decrease in Public Works Expenditures.

Business-Type Activities Net Assets decreased by \$368. Highlights are listed below:

- Water Charge for Services decreased by \$4,314 from last year.
- Experienced a \$4,115 increase in overall Water Fund Expenses.
- Sewer Charge for Services decreased by \$5,874 from last year.
- Experienced a \$26,973 decrease in overall Sewer Fund Expenses.
- Total Net Assets at the fiscal year end is \$1,382,520.

Enterprise Fund Operations

The Village's business-type activities consist of the Water and Sewer Funds. We provide water to 99% of the Village and to some of the surrounding Township homes. We purchase our water from the Lake Charter Township Water Department. Sewer service is provided to 98% of the Village and no sewer service is provided to the Township residents.

Overall, we saw an increase of \$4,115 in Water Fund Operating Expenses and a \$4,314 decrease in Charges for Services. The Sewer Fund Operating Expenses experienced a decrease of \$26,973 and a decrease of \$5,874 in Sewer Charges for Services.

As we look at the business-type activities separately from the governmental activities, we see that the governmental activities have \$51,636 more in net assets than the business-type activities. Note that the business-type activities have water bonds that need to be paid off in the amount of \$80,000.

Financial Analysis of Governmental Funds

General Fund Highlights

The General Fund Revenue was down by \$19,834 from the 2009-2010 fiscal year. This was due to a decrease of \$17,502 in Tax Revenue, as well as decreases in Licenses and Permits (\$1,433) and Interest and Rents (\$1,658).

Most of the Village's expenses are paid out of the General Fund. Our Total Expenditures for the year were down by \$24,610 from the 2009-2010 year.

Employee Benefits - The Village continues to contribute 6% of the employees' wages to the Pension Plan. Health insurance benefits are paid for the three full-time employees. The Health Plan is a Health Savings Account, with employees paying 10% of the health insurance premiums.

Major and Local Street Highlights

The Major Street Fund Revenue for 2010-2011 was \$139,151. This was an increase of \$92,623 from 2009-2010 because we received a Federal Grant in the amount of \$90,744 and a slight increase in State Revenue of \$1,901. We experienced an increase of \$104,778 in Major Street Expenses. We completed one Major Street project and started a second one. The Major Street Fund Balance at the end of the year was \$56,238, which was an increase of \$31,307 over last year's Fund Balance.

The Local Street Fund Revenue for 2010-2011 was \$16,891, which is a slight increase from 2009-2010. There was a slight increase in Local Street Operating Expenses of \$2,478. The Local Street Fund Balance at the end of the year was \$1,729, which was \$294 less than last year's Fund Balance.

General Fund Budgetary Highlights

Actual revenues came in at \$2,584 higher than budgeted and expenses came in at \$49,673 less than the budgeted amount and can be briefly summarized as follows:

- Property Taxes came in at \$187 more than budgeted.
- Interest and Rents came in at \$1,650 more than budgeted.
- Other Revenue came in at \$290 less than budgeted.
- Total General Government Expenses were \$15,916 less than budgeted.
- Total Public Safety Expenses were \$977 less than budgeted.
- Total Public Works Expenses were \$9,422 less than budgeted.
- Total Community and Economic Development Expenses were \$6,166 less than budgeted.
- Total Recreation and Cultural Expenses were \$8,857 less than budgeted.
- Total Capital Outlay Expenses were \$8,335 less than budgeted.

Capital Asset and Debt Administration

Capital Assets

The Governmental Activities Total Nondepreciable Assets at the Fiscal Year End 2010-2011 was \$129,890.

The Total Capital Assets Other Than Nondepreciable at the Fiscal Year End 2010-2011 was \$716,894.

**Statement of Capital Assets
(net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	<u>2010-11</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2009-10</u>
Land	\$ 129,890	\$ 129,890	\$ 81,110	\$ 81,110	\$ 211,000	\$ 211,000
Construction in progress	-	-	-	-	-	-
Buildings	22,583	23,632	-	-	22,583	23,632
Land improvements	84,195	89,030	-	-	84,195	89,030
Machinery and equipment	74,452	85,560	134	901	74,586	86,461
Vehicles	-	-	-	-	-	-
Infrastructure	497,379	511,227	-	-	497,379	511,227
Office equipment	3,208	2,711	1,514	-	4,722	2,711
Utility system	35,077	36,049	741,739	743,805	776,816	779,854
Total	<u>\$ 846,784</u>	<u>\$ 878,099</u>	<u>\$ 824,497</u>	<u>\$ 825,816</u>	<u>\$ 1,671,281</u>	<u>\$ 1,703,915</u>

Additional information on capital assets can be found in note 3 of the Financial Statements.

Long Term Debt

The Water Fund has a balance of \$80,000 in bonds and \$18,000 in Interest to be paid to Berrien County. These bonds should be paid off by 2019.

Investments

At the end of the fiscal year, the balance of funds invested by the Treasurer in Chemical Bank Money Funds was \$170,190. Funds in Money Funds include General Fund, Major Street and Downtown Capital Projects.

Funds invested with United Federal Credit Union Savings Accounts were Sewer O & M and Water O & M in the amount of \$241,808.

At Honor Credit Union, the Treasurer invested \$552,056 in Money Market Funds.

Economic Factors and Next Year's Budgets and Rates

We applied and received Michigan Economic Development Corporation Community Development Block Grant for a First Street streetscape project. This project will continue over into the next fiscal year as well. We continue to advertise property in the Industrial Park for development.

With the country's current economic status, we do not expect to see many homes being built in the coming year. However, we did have one new home and several empty residential sell. We have had several commercial properties sell and have at least one new business coming into the Village.

The Village has received funds from the Rural Development Grant for the creation of a revolving loan fund so that the Village can loan money to businesses to either invest/upgrade current businesses or to locate in the Village. Two businesses have received Revolving Fund Loans for a total of \$66,000 invested in their businesses. At the fiscal year end, the Revolving Loan Fund has been paid back up to \$11,210. We are hoping to be able to award another loan this coming year.

Contacting the Village's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

May 5, 2011

INDEPENDENT AUDITOR'S REPORT

To the Village Council
Village of Baroda
Baroda, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Baroda as of and for the year ended March 31, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Baroda as of March 31, 2011, and the respective changes in financial position, and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2011, on our consideration of the Village of Baroda's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Right. On time.

INDEPENDENT AUDITOR'S REPORT - Continued

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages I through X and 25 through 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Baroda's financial statements as a whole. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Reibel & Company, P.C.

VILLAGE OF BARODA
Statement of Net Assets
March 31, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 480,305	\$ 629,845	\$ 1,110,150
Receivables	68,857	21,090	89,947
Due from other governments	20,744	-	20,744
Prepaid expenses	26,593	-	26,593
Non-depreciable assets:			
Land	129,890	81,110	211,000
Capital assets (net of related depreciation):			
Buildings	22,583	-	22,583
Land improvements	84,195	-	84,195
Machinery and equipment	74,452	134	74,586
Infrastructure	497,379	-	497,379
Office equipment	3,208	1,514	4,722
Utility systems	35,077	741,739	776,816
	\$ 1,443,283	\$ 1,475,432	\$ 2,918,715
Total Assets			
LIABILITIES			
Accounts payable	\$ 7,011	\$ 6,794	\$ 13,805
Due to other governmental units	225	187	412
Escrow	16	-	16
Accrued interest	-	2,500	2,500
Payroll liabilities	1,875	1,221	3,096
Customer deposits	-	2,210	2,210
Noncurrent liabilities:			
Due within one year	-	10,000	10,000
Due in more than one year	-	70,000	70,000
	\$ 9,127	\$ 92,912	\$ 102,039
Total Liabilities			
NET ASSETS			
Invested in capital assets, net of related debt	\$ 846,784	\$ 744,497	\$ 1,591,281
Restricted	-	14,443	14,443
Unrestricted	587,372	623,580	1,210,952
	\$ 1,434,156	\$ 1,382,520	\$ 2,816,676
TOTAL NET ASSETS			

The accompanying notes are an integral part of these financial statements.

VILLAGE OF BARODA
Statement of Activities
For the Year Ended March 31, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental Activities:				
General government	\$ 118,699	\$ 7,340	\$ 50,000	\$ -
Public safety	19,113	3,878	-	-
Public works	263,103	-	67,149	-
Community and economic development	83,356	-	90,744	-
Recreation and cultural	18,791	-	-	-
	<u>\$ 503,062</u>	<u>\$ 11,218</u>	<u>\$ 207,893</u>	<u>\$ -</u>
Business-type Activities:				
Sewer Fund	\$ 98,279	\$ 94,809	\$ -	\$ -
Water Fund	113,938	113,378	-	-
	<u>\$ 212,217</u>	<u>\$ 208,187</u>	<u>\$ -</u>	<u>\$ -</u>
Total Primary Government	<u>\$ 715,279</u>	<u>\$ 219,405</u>	<u>\$ 207,893</u>	<u>\$ -</u>

General

Property taxes
State revenue sharing
Interest
Other revenue

Total General Revenues

Change in Net Assets

Net Assets - Beginning of Year

NET ASSETS - END OF YEAR

The accompanying notes are an integral part of these financial statements.

**Net (Expense) Revenue and
Changes in Net Assets**

Primary Government

Governmental Activities	Business-type Activities	Total
\$ (61,359)	\$ -	\$ (61,359)
(15,235)	-	(15,235)
(195,954)	-	(195,954)
7,388	-	7,388
<u>(18,791)</u>	<u>-</u>	<u>(18,791)</u>
\$ <u>(283,951)</u>	\$ <u>-</u>	\$ <u>(283,951)</u>
\$ -	\$ (3,470)	\$ (3,470)
<u>-</u>	<u>(560)</u>	<u>(560)</u>
\$ <u>-</u>	\$ <u>(4,030)</u>	\$ <u>(4,030)</u>
\$ <u>(283,951)</u>	\$ <u>(4,030)</u>	\$ <u>(287,981)</u>
\$ 179,657	\$ -	\$ 179,657
68,225	-	68,225
25,193	4,398	29,591
<u>16,509</u>	<u>-</u>	<u>16,509</u>
\$ <u>289,584</u>	\$ <u>4,398</u>	\$ <u>293,982</u>
\$ 5,633	\$ 368	\$ 6,001
<u>1,428,523</u>	<u>1,382,152</u>	<u>2,810,675</u>
\$ <u>1,434,156</u>	\$ <u>1,382,520</u>	\$ <u>2,816,676</u>

**VILLAGE OF BARODA
GOVERNMENTAL FUNDS
Balance Sheet
March 31, 2011**

	<u>General Fund</u>	<u>Major Street Fund</u>	<u>Local Street Fund</u>	<u>Revolving Loan Fund</u>
Assets				
Current Assets:				
Cash and cash equivalents	\$ 198,756	\$ 35,848	\$ 2,022	\$ 11,210
Taxes receivable	11,425	-	-	-
Loan receivable	-	-	-	1,400
Due from other funds	-	250	-	-
Due from other governments	-	20,744	-	-
Prepaid expenses	<u>26,593</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Current Assets	 <u>\$ 236,774</u>	 <u>\$ 56,842</u>	 <u>\$ 2,022</u>	 <u>\$ 12,610</u>
 TOTAL ASSETS	 <u>\$ 236,774</u>	 <u>\$ 56,842</u>	 <u>\$ 2,022</u>	 <u>\$ 12,610</u>
Liabilities and Fund Balances				
Current Liabilities:				
Accounts payable	\$ 2,334	\$ 439	\$ 189	\$ -
Due to other funds	-	-	-	-
Due to other governmental units	190	19	16	-
Escrow	16	-	-	-
Accrued wages	1,238	110	63	-
Accrued taxes payable	216	19	12	-
Accrued benefits	<u>187</u>	<u>17</u>	<u>13</u>	<u>-</u>
 Total Current Liabilities	 <u>\$ 4,181</u>	 <u>\$ 604</u>	 <u>\$ 293</u>	 <u>\$ -</u>
 Total Liabilities	 <u>\$ 4,181</u>	 <u>\$ 604</u>	 <u>\$ 293</u>	 <u>\$ -</u>
Fund Balances:				
Unreserved				
Undesignated, reported in				
General Fund	\$ 232,593	\$ -	\$ -	\$ -
Special Revenue	<u>-</u>	<u>56,238</u>	<u>1,729</u>	<u>12,610</u>
 Total Fund Balances	 <u>\$ 232,593</u>	 <u>\$ 56,238</u>	 <u>\$ 1,729</u>	 <u>\$ 12,610</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 236,774</u>	 <u>\$ 56,842</u>	 <u>\$ 2,022</u>	 <u>\$ 12,610</u>

The accompanying notes are an integral part of these financial statements.

Downtown Capital Projects Fund	Streetscape Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
\$ 231,757	\$ -	\$ 712	\$ 480,305
-	-	-	11,425
-	-	-	1,400
-	4,049	-	4,299
-	-	-	20,744
-	-	-	26,593
<u>\$ 231,757</u>	<u>\$ 4,049</u>	<u>\$ 712</u>	<u>\$ 544,766</u>
<u>\$ 231,757</u>	<u>\$ 4,049</u>	<u>\$ 712</u>	<u>\$ 544,766</u>
\$ -	\$ 4,049	\$ -	\$ 7,011
4,299	-	-	4,299
-	-	-	225
-	-	-	16
-	-	-	1,411
-	-	-	247
-	-	-	217
<u>\$ 4,299</u>	<u>\$ 4,049</u>	<u>\$ -</u>	<u>\$ 13,426</u>
<u>\$ 4,299</u>	<u>\$ 4,049</u>	<u>\$ -</u>	<u>\$ 13,426</u>
\$ -	\$ -	\$ -	\$ 232,593
<u>227,458</u>	<u>-</u>	<u>712</u>	<u>298,747</u>
<u>\$ 227,458</u>	<u>\$ -</u>	<u>\$ 712</u>	<u>\$ 531,340</u>
<u>\$ 231,757</u>	<u>\$ 4,049</u>	<u>\$ 712</u>	<u>\$ 544,766</u>

VILLAGE OF BARODA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
March 31, 2011

Fund balances of governmental funds	\$ 531,340
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Governmental funds report capital outlay as expenditures, but they are recorded as capital assets in the government-wide statements and depreciated over their useful lives.	846,784
Loans made that were recorded as expenditures in the funds that are not current financial resources are not reported as expenditures in the statement of activities.	<u>56,032</u>
Net assets of governmental activities	<u>\$ 1,434,156</u>

**VILLAGE OF BARODA
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended March 31, 2011**

	General Fund	Major Street Fund	Local Street Fund
Revenues:			
Taxes	\$ 179,657	\$ -	\$ -
Licenses and permits	9,046	-	-
Federal revenue	-	90,744	-
State revenue	68,225	48,320	16,885
Graves	2,172	-	-
Interest and rents	21,950	87	6
Contributions	444	-	-
Other revenue	<u>1,790</u>	<u>-</u>	<u>-</u>
 Total Revenues	 <u>\$ 283,284</u>	 <u>\$ 139,151</u>	 <u>\$ 16,891</u>
Expenditures:			
General government	\$ 112,869	\$ 1,380	\$ 1,380
Public safety	18,243	-	-
Public works	65,578	149,337	24,426
Community and economic development	13,064	-	-
Recreation and cultural	8,298	-	-
Capital outlay	<u>2,065</u>	<u>379</u>	<u>379</u>
 Total Expenditures	 <u>\$ 220,117</u>	 <u>\$ 151,096</u>	 <u>\$ 26,185</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 63,167</u>	 <u>\$ (11,945)</u>	 <u>\$ (9,294)</u>
Other Financing Sources (Uses):			
Operating transfers in	\$ -	\$ 43,252	\$ 9,000
Operating transfers out	<u>(9,000)</u>	<u>-</u>	<u>-</u>
 Total Other Financing Sources (Uses)	 <u>\$ (9,000)</u>	 <u>\$ 43,252</u>	 <u>\$ 9,000</u>
 Net Change in Fund Balances	 <u>\$ 54,167</u>	 <u>\$ 31,307</u>	 <u>\$ (294)</u>
 Fund Balances, Beginning of Year	 <u>178,426</u>	 <u>24,931</u>	 <u>2,023</u>
 FUND BALANCES, END OF YEAR	 <u><u>\$ 232,593</u></u>	 <u><u>\$ 56,238</u></u>	 <u><u>\$ 1,729</u></u>

The accompanying notes are an integral part of these financial statements.

<u>Revolving Loan Fund</u>	<u>Downtown Capital Projects Fund</u>	<u>Streetscape Capital Projects Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 179,657
-	-	-	-	9,046
50,000	-	-	-	140,744
-	-	-	1,500	134,930
-	-	-	-	2,172
1,340	1,808	-	2	25,193
-	-	-	-	444
<u>11,260</u>	<u>779</u>	<u>-</u>	<u>2,680</u>	<u>16,509</u>
<u>\$ 62,600</u>	<u>\$ 2,587</u>	<u>\$ -</u>	<u>\$ 4,182</u>	<u>\$ 508,695</u>
\$ -	\$ 587	\$ -	\$ -	\$ 116,216
-	-	-	-	18,243
-	-	-	-	239,341
66,000	-	-	-	79,064
-	-	-	3,470	11,768
<u>-</u>	<u>1,345</u>	<u>58,979</u>	<u>-</u>	<u>63,147</u>
<u>\$ 66,000</u>	<u>\$ 1,932</u>	<u>\$ 58,979</u>	<u>\$ 3,470</u>	<u>\$ 527,779</u>
<u>\$ (3,400)</u>	<u>\$ 655</u>	<u>\$ (58,979)</u>	<u>\$ 712</u>	<u>\$ (19,084)</u>
\$ 10	\$ -	\$ 58,979	\$ -	\$ 111,241
<u>-</u>	<u>(102,241)</u>	<u>-</u>	<u>-</u>	<u>(111,241)</u>
<u>\$ 10</u>	<u>\$ (102,241)</u>	<u>\$ 58,979</u>	<u>\$ -</u>	<u>\$ -</u>
\$ (3,390)	\$ (101,586)	\$ -	\$ 712	\$ (19,084)
<u>16,000</u>	<u>329,044</u>	<u>-</u>	<u>-</u>	<u>550,424</u>
<u>\$ 12,610</u>	<u>\$ 227,458</u>	<u>\$ -</u>	<u>\$ 712</u>	<u>\$ 531,340</u>

VILLAGE OF BARODA
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended March 31, 2011

Net change in fund balances - total governmental funds	\$ (19,084)
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures, but they are recorded as capital assets in the government-wide statements and depreciated over their useful lives. This is the amount by which capital outlays exceeded depreciation in the current period.	(31,315)
Expenditures in the funds that do not provide current financial resources are not reported as expenditures in the statement of activities.	<u>56,032</u>
Change in net assets of governmental activities	<u>\$ 5,633</u>

**VILLAGE OF BARODA
 PROPRIETARY FUNDS
 Statement of Net Assets
 March 31, 2011**

	Business-Type Activities Enterprise Funds		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and cash equivalents	\$ 468,516	\$ 144,676	\$ 613,192
Billings receivable	7,038	9,211	16,249
Assessments receivable	4,841	-	4,841
Total Current Assets	\$ 480,395	\$ 153,887	\$ 634,282
Noncurrent Assets:			
Restricted Cash:			
Revenue bond interest	\$ -	\$ 14,443	\$ 14,443
Meter deposits	-	2,210	2,210
Total Restricted Cash	\$ -	\$ 16,653	\$ 16,653
Capital Assets:			
Land	\$ 81,110	\$ -	\$ 81,110
Machinery and equipment	56,048	-	56,048
Water supply system	-	762,274	762,274
Sanitary sewer system	1,204,182	-	1,204,182
Plant additions	1,105	-	1,105
Office equipment	946	946	1,892
Accumulated depreciation	(813,737)	(468,377)	(1,282,114)
Total Capital Assets	\$ 529,654	\$ 294,843	\$ 824,497
Total Noncurrent Assets	\$ 529,654	\$ 311,496	\$ 841,150
TOTAL ASSETS	\$ 1,010,049	\$ 465,383	\$ 1,475,432

The accompanying notes are an integral part of these financial statements.

**Business-Type Activities
Enterprise Funds**

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Liabilities and Net Assets			
Current Liabilities:			
Accounts payable	\$ 473	\$ 6,321	\$ 6,794
Due to other governmental units	124	63	187
Accrued interest	-	2,500	2,500
Accrued wages	592	305	897
Accrued taxes payable	109	56	165
Accrued benefits	105	54	159
Current portion of debt	-	10,000	10,000
Customer meter deposits	-	2,210	2,210
Total Current Liabilities	\$ 1,403	\$ 21,509	\$ 22,912
Noncurrent Liabilities:			
Bonds payable, net of current portion	-	70,000	70,000
Total Liabilities	\$ 1,403	\$ 91,509	\$ 92,912
Nets Assets:			
Invested in capital assets, net of related debt	\$ 529,654	\$ 214,843	\$ 744,497
Restricted for debt service	-	14,443	14,443
Unrestricted:			
Undesignated	478,992	144,588	623,580
Total Net Assets	\$ 1,008,646	\$ 373,874	\$ 1,382,520
Total Liabilities and Net Assets	<u>\$ 1,010,049</u>	<u>\$ 465,383</u>	<u>\$ 1,475,432</u>

**VILLAGE OF BARODA
 PROPRIETARY FUNDS
 Statement of Revenues, Expenses and Changes in Net Assets
 For the Year Ended March 31, 2011**

	Business-Type Activities Enterprise Funds		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Operating Revenues:			
Turn on/off fees	\$ -	\$ 75	\$ 75
Metered sales	73,082	97,603	170,685
Water meter sales	-	700	700
Rental fees	21,727	15,000	36,727
Total Operating Revenues	\$ 94,809	\$ 113,378	\$ 208,187
Operating Expenses:			
Water purchased	\$ -	\$ 55,536	\$ 55,536
Salaries and wages	31,469	15,137	46,606
Payroll taxes	2,322	1,122	3,444
Retirement	1,838	817	2,655
Supplies	831	833	1,664
Professional services	2,348	2,348	4,696
Insurance	12,605	5,830	18,435
Utilities	1,907	233	2,140
Contractual services	412	500	912
Depreciation	31,028	17,866	48,894
Repairs and maintenance	2,868	3,292	6,160
Equipment rental	7,395	3,696	11,091
Sampling	2,610	132	2,742
Permits and fees	400	611	1,011
Miscellaneous	246	1,485	1,731
Total Operating Expenses	\$ 98,279	\$ 109,438	\$ 207,717
Operating Income	\$ (3,470)	\$ 3,940	\$ 470
Nonoperating Revenues (Expenses):			
Interest income	\$ 3,423	\$ 975	\$ 4,398
Interest expense	-	(4,500)	(4,500)
Total Net Nonoperating Revenues (Expenses)	\$ 3,423	\$ (3,525)	\$ (102)
Change in Net Assets	\$ (47)	\$ 415	\$ 368
Net Assets, Beginning of Year	1,008,693	373,459	1,382,152
TOTAL NET ASSETS, END OF YEAR	\$ 1,008,646	\$ 373,874	\$ 1,382,520

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF BARODA
 PROPRIETARY FUNDS
 Statement of Cash Flows
 For the Year Ended March 31, 2011**

	Business-Type Activities Enterprise Funds		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Cash receipts from customers	\$ 75,007	\$ 96,902	\$ 171,909
Cash receipts from interfund services provided	21,727	15,000	36,727
Payments to employees for services and benefits	(48,403)	(22,730)	(71,133)
Payments for interfund services used	(7,395)	(3,696)	(11,091)
Payments to suppliers	(11,108)	(58,586)	(69,694)
Net cash provided (used) by operating activities	\$ 29,828	\$ 26,890	\$ 56,718
Cash Flows From Capital and Related Financing Activities:			
Purchase of fixed assets	\$ (3,212)	\$ (44,364)	\$ (47,576)
Payment of debt principal	-	(10,000)	(10,000)
Payment of debt related interest	-	(4,500)	(4,500)
Net cash provided (used) by capital and related financing activities	\$ (3,212)	\$ (58,864)	\$ (62,076)
Cash Flows From Investing Activities:			
Interest income	\$ 3,423	\$ 975	\$ 4,398
Net cash provided (used) by investing activities	\$ 3,423	\$ 975	\$ 4,398
Net increase (decrease) in cash and cash equivalents	\$ 30,039	\$ (30,999)	\$ (960)
Cash Balance, Beginning of Year	438,477	192,328	630,805
CASH BALANCE, END OF YEAR	\$ 468,516	\$ 161,329	\$ 629,845

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF BARODA
 PROPRIETARY FUNDS
 Statement of Cash Flows
 For the Year Ended March 31, 2011**

	Business-Type Activities Enterprise Funds		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (3,470)	\$ 3,940	\$ 470
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	\$ 31,028	\$ 17,866	\$ 48,894
(Increase) decrease in:			
Billing receivable	(580)	(1,148)	(1,728)
Assessments	1,751	-	1,751
Accrued interest receivable	754	422	1,176
Increase (decrease) in:			
Accounts payable	390	6,321	6,711
Due to other governmental units	124	63	187
Accrued wages	(312)	81	(231)
Accrued taxes payable	38	39	77
Accrued benefits	105	56	161
Customer meter deposits	-	(750)	(750)
Total adjustments	\$ 33,298	\$ 22,950	\$ 56,248
Net cash provided (used) by operating activities	\$ 29,828	\$ 26,890	\$ 56,718

The accompanying notes are an integral part of these financial statements.

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting methods and procedures adopted by Village of Baroda, Berrien County, Michigan, conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant government accounting policies are described below:

A. Reporting Entity

In evaluating how to define the Village's reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP). The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Village is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential compor

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statements of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government of the Village. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the proprietary funds and fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

Village of Baroda reports the following major governmental funds:

The **General Fund** is the Village's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

The **Major Street Fund** is used to account for the upkeep and maintenance of major streets within the Village.

The **Local Street Fund** is used to account for the upkeep and maintenance of local streets within the Village.

The **Revolving Loan Fund** is used to account for the proceeds of the revolving loan received from the State.

The **Downtown Capital Projects Fund** is used to account for the acquisition or construction of major capital facilities that are not accounted for by proprietary or trust funds.

The **Streetscape Capital Projects Fund** is used to account for the acquisition or construction of major capital facilities that are not accounted for by proprietary or trust funds.

Village of Baroda reports the following nonmajor governmental funds:

The **Harvest Feast Fund** is used to account for the funding and spending of the Harvest Feast Festival.

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements - Continued

Village of Baroda reports the following major proprietary funds:

The **Water Operating Fund** accounts for the activities related to the Village's share of Lake Charter Township's water production, purification, distribution, and billing.

The **Sewer Operating Fund** accounts for the activities related to the operation of the sanitary collections system serving the Village.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the Water Fund, Sewer Fund, and other functions and segments. Elimination of these charges would distort the direct costs and program revenues for the functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expense for enterprise funds and internal service funds includes the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first. Unrestricted resources are used as they are needed.

D. Budgetary Data

Prior to an annual meeting, the President submits, to the Board of Trustees, a proposed operating budget for the fiscal year commencing April 1. The budget includes proposed expenditures and the means of financing them.

A public hearing is conducted before final adoption by the Board of Trustees.

The budget is formally accepted in summary form at the annual budget meeting.

The Board of Trustees must approve any revisions to the budget whether it is a revision of budgeted amounts between departments within a fund or a revision that alters the total expenditures of any fund.

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by Village of Baroda as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years.

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statements of net assets. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

<u>Asset Class</u>	<u>Depreciable Life</u>
Land	N/A
Buildings	25-50 years
Equipment	5-15 years
Vehicles	7-10 years
Utility Systems	10-40 years
Land Improvements	15-20 years
Infrastructure	20-30 years

F. Long-Term Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statements of net assets. Bonds premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using straight-line amortization. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt received, are reported as debt service.

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

G. Property Taxes

Property taxes are assessed on December 31, and are billed and become a lien on July 1 of the following year. Real property taxes not collected by September 14 of each year are returned delinquent to the Berrien County Treasurer. Berrien County has a revolving fund that purchases the delinquent real taxes and special assessments from the local units in May of each year. Thus, all real property taxes and special assessments are realized within sixty days after the end of the Village's fiscal year and are attributed to that year.

The Village levied 9.9 mills for general operations in 2010. Taxable value of real and personal property for the 2010 tax levy was \$18,323,088 at the full millage rate and \$1,247,792 of I.F.T. property taxed at fifty percent of the millage rate.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

I. Restricted Cash

Certain resources in the Village's enterprise funds have been set aside for specific future expenditures and repayments, including monies held for meter deposits, amounts to be used for improvements and amounts to be used for interest expense on bonds payable.

J. Cash and Cash Equivalents

The Village considers all highly liquid investments (including restricted assets) with a maturity of one year or less when purchased to be defined as cash equivalents.

K. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

L. Restricted and Designated Net Assets

The Village's water and sewer enterprise funds have restricted net assets to account for the cash restricted for bond debt interest. The designated unrestricted net assets are intended for improvements to the water and sewer systems.

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2011

NOTE 2 - CASH AND CASH INVESTMENTS

Cash and Short-term Investments - The Village is authorized to invest in certificates of deposit, savings accounts and deposit accounts. The Village is also authorized to invest in bonds, securities, and other obligations of the United States, or an agency whose principal and interest is fully guaranteed by the United States. The Village is authorized to invest in commercial paper within the two highest classifications and maturities not more than 270 days after the date of purchase. Act 217, PA 1982 states that the Village's deposits, which include cash and certificates of deposit, are carried at cost and must be invested in accounts of federally insured banks, insured credit unions, savings and loan associations and bonds and other direct obligations of the associations and bonds and other direct obligations of the United States. Michigan law prohibits security in the form of collateral, surety bond, or other forms for the deposit of public money. An Attorney General's opinion states that public funds may not be deposited in financial institutions that do not have a branch location in Michigan. The Village's deposits are i

Long-term Investments - The Village's policy does not address investments other than short-term highly liquid assets.

Interest Rate Risk - It is the objective of the Village to maintain safety of principal of its funds, maintain a diversified portfolio, maintain sufficient liquidity to meet operating requirements, and to obtain a market average rate of return. The Village is not exposed to interest rate risk.

All certificates of deposit with maturities less than one year are classified as cash and cash equivalents.

Custodial Credit Risk - The Village is authorized to invest in pre-qualifying financial institutions, brokers, dealers, intermediaries, and advisors with whom the Village will do business. The portfolio will be diversified so that the impact on the investment portfolio resulting from losses on individual securities will be minimized. As of March 31, 2011, the Village's funds were deposited in five institutions meeting the above requirements. As of March 31, 2011, the Village had a book balance of \$1,110,150 with a bank balance of \$1,113,523. None of the government's bank balance was exposed to custodial credit risk.

Uninsured and Uncollateralized: \$271,961

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2011

NOTE 3 - CAPITAL ASSETS

Capital assets activities for the year ended March 31, 2011 were as follows:

	Balance April 1, <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance March 31, <u>2011</u>
Governmental Activities				
Nondepreciable assets:				
Land	\$ 129,890	\$ -	\$ -	\$ 129,890
Total Nondepreciable Assets	<u>\$ 129,890</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,890</u>
Buildings	\$ 58,390	\$ -	\$ -	\$ 58,390
Land improvements	123,891	-	-	123,891
Machinery and equipment	242,024	870	-	242,894
Utility systems	38,884	-	-	38,884
Infrastructure	553,925	-	-	553,925
Vehicles	28,872	-	-	28,872
Office equipment	<u>11,931</u>	<u>1,893</u>	<u>(750)</u>	<u>13,074</u>
Subtotal	<u>\$ 1,057,917</u>	<u>\$ 2,763</u>	<u>\$ (750)</u>	<u>\$ 1,059,930</u>
Less: Accumulated Depreciation				
Buildings	\$ (34,758)	\$ (1,049)	\$ -	\$ (35,807)
Land improvements	(34,861)	(4,835)	-	(39,696)
Machinery and equipment	(160,364)	(11,578)	-	(171,942)
Utility systems	(2,835)	(972)	-	(3,807)
Infrastructure	(42,698)	(13,848)	-	(56,546)
Vehicles	(24,972)	(400)	-	(25,372)
Office equipment	<u>(9,220)</u>	<u>(1,396)</u>	<u>750</u>	<u>(9,866)</u>
Subtotal	<u>\$ (309,708)</u>	<u>\$ (34,078)</u>	<u>\$ 750</u>	<u>\$ (343,036)</u>
Total Capital Assets Other Than Nondepreciable	<u>\$ 748,209</u>	<u>\$ (31,315)</u>	<u>\$ -</u>	<u>\$ 716,894</u>

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2011

NOTE 3 - CAPITAL ASSETS - Continued

	Balance April 1, <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance March 31, <u>2011</u>
Business Activities				
Nondepreciable assets:				
Land	\$ 81,110	\$ -	\$ -	\$ 81,110
Total Nondepreciable Assets	<u>\$ 81,110</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,110</u>
Machinery and equipment	\$ 56,048	\$ -	\$ -	\$ 56,048
Office equipment	-	1,892	-	1,892
Utility systems	<u>1,921,878</u>	<u>45,683</u>	<u>-</u>	<u>1,967,561</u>
Subtotal	\$ 1,977,926	\$ 47,575	\$ -	\$ 2,025,501
Less: Accumulated Depreciation	<u>(1,233,220)</u>	<u>(48,894)</u>	<u>-</u>	<u>(1,282,114)</u>
Total Capital Assets Other Than Nondepreciable	<u>\$ 744,706</u>	<u>\$ (1,319)</u>	<u>\$ -</u>	<u>\$ 743,387</u>

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2011

NOTE 3 - CAPITAL ASSETS - Continued

Depreciation expense was charged in the following functions in the statement of activities:

Governmental functions:	
General government	\$ 2,536
Public works	24,519
Recreation and cultural	<u>7,023</u>
Total	<u>\$ 34,078</u>
 Business-type functions:	
Sewer	\$ 31,028
Water	<u>17,866</u>
Total	<u>\$ 48,894</u>

NOTE 4 - CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the primary government for the year ended March 31, 2011:

	Bonds
	<u>Payable</u>
As of April 1, 2010	\$ 90,000
Additions	
(Reductions)	<u>(10,000)</u>
As of March 31, 2011	<u>\$ 80,000</u>

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2011

NOTE 4 - CHANGES IN LONG-TERM DEBT - Continued

Long-term debt at March 31, 2011 is comprised of the following individual issues:

	Balance April 1, 2010	<u>Additions</u>	<u>Reductions</u>	Balance March 31, 2011	<u>Due Within One Year</u>
Business-type Activities:					
\$300,000 bond due in annual installments of \$10,000 through January 1, 2019; interest at 5.00% - Water Fund.	\$ 90,000	\$ -	\$ (10,000)	\$ 80,000	\$ 10,000
Total Business-Type Activities	<u>\$ 90,000</u>	<u>\$ -</u>	<u>\$ (10,000)</u>	<u>\$ 80,000</u>	<u>\$ 10,000</u>

Schedule of Indebtedness - Bonds Payable (Water Fund)

The County of Berrien issued revenue bonds in the amount of \$300,000 on October 2, 1979, for the purpose of assisting the Village in acquiring and constructing improvements to its water supply system. Schedule of outstanding bonds is as follows:

<u>Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Annual Principal Requirement</u>	<u>Annual Interest Payable</u>
10/2/1979	\$ 300,000	5.00%	1/1/2012	\$ 10,000	\$ 4,000
		5.00%	1/1/2013	10,000	3,500
		5.00%	1/1/2014	10,000	3,000
		5.00%	1/1/2015	10,000	2,500
		5.00%	1/1/2016	10,000	2,000
		5.00%	1/1/2017	10,000	1,500
		5.00%	1/1/2018	10,000	1,000
		5.00%	1/1/2019	<u>10,000</u>	<u>500</u>
TOTAL				<u>\$ 80,000</u>	<u>\$ 18,000</u>

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2011

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

During the year, the following transfers were made between funds:

From General Fund	
To Local Street Fund	<u>\$ 9,000</u>
From Downtown - Capital Projects Fund	
To Major Street Fund	\$ 43,252
To Revolving Loan Fund	10
To Streetscape - Capital Projects Fund	<u>58,979</u>
	 <u>\$ 111,241</u>

Funds were transferred to the Local Street Fund from the General Fund for operating costs incurred during the year.

Funds were transferred to the Major Street Fund from the Downtown - Capital Projects Fund for road construction costs incurred during the year.

Funds were transferred to the Revolving Loan Fund from the Downtown - Capital Projects Fund for operating costs incurred during the year.

Funds were transferred to the Streetscape - Capital Projects Fund from the Downtown - Capital Projects Fund for road construction costs incurred during the year.

NOTE 6 - PENSION PLAN

The Village participates in a 401(k) plan in which employees can make elective deferrals to the plan regardless of full or part-time status; however, the Village contributes 6% for those employees considered full-time. Under this plan three employees are considered full-time. The Village's pension cost for the fiscal year ending March 31, 2011, is \$6,396. The current year contribution was based on covered payroll of \$106,598.

NOTE 7 - SCHEDULE OF BUILDING DEPARTMENT REVENUE AND EXPENDITURES

Public Act 245 of 1999 requires that the legislative bodies of the local government establish reasonable fees which bear a reasonable relationship to the cost of operating the enforcing agency. The Act provides that a separate fund be established to track these costs, unless the local unit's fee structure is not intended to recover the full cost of the enforcing agency and the local unit has the ability to track the full costs and revenues of this activity without creating a separate fund. In that case, the local unit may continue accounting for building department activities within the General Fund. The following is a schedule of building department revenues and expenditures:

Revenues	
Building and mechanical permits	\$ 3,878
Expenditures	
Inspectors	<u>3,975</u>
Revenues in Excess of Expenditures	<u>\$ (97)</u>

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2011

NOTE 8 - RISK MANAGEMENT

The Village carries insurance for risks of loss, including torts; theft of, damage to, and destruction of assets; error and omissions; workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded insurance coverage in the past fiscal year.

NOTE 9 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 5, 2011, the date on which the financial statements were available to be issued. No material subsequent events were noted.

**VILLAGE OF BARODA
GENERAL FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended March 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 182,150	\$ 179,470	\$ 179,657	\$ 187
Licenses and permits	8,000	9,320	9,046	(274)
State revenue	67,000	67,000	68,225	1,225
Graves	2,200	2,200	2,172	(28)
Interest and rents	20,300	20,300	21,950	1,650
Contributions	200	330	444	114
Other revenue	500	2,080	1,790	(290)
	<u>500</u>	<u>2,080</u>	<u>1,790</u>	<u>(290)</u>
Total Revenues	<u>\$ 280,350</u>	<u>\$ 280,700</u>	<u>\$ 283,284</u>	<u>\$ 2,584</u>
Expenditures:				
General government	\$ 127,865	\$ 128,785	\$ 112,869	\$ 15,916
Public safety	17,350	19,220	18,243	977
Public works	72,740	75,000	65,578	9,422
Community and economic development	19,230	19,230	13,064	6,166
Recreation and cultural	16,935	17,155	8,298	8,857
Capital outlay	500	10,400	2,065	8,335
	<u>500</u>	<u>10,400</u>	<u>2,065</u>	<u>8,335</u>
Total Expenditures	<u>\$ 254,620</u>	<u>\$ 269,790</u>	<u>\$ 220,117</u>	<u>\$ 49,673</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 25,730</u>	<u>\$ 10,910</u>	<u>\$ 63,167</u>	<u>\$ 52,257</u>
Other Financing Uses:				
Operating transfers out	<u>\$ (35,000)</u>	<u>\$ (15,000)</u>	<u>\$ (9,000)</u>	<u>\$ 6,000</u>
Total Other Financing Uses	<u>\$ (35,000)</u>	<u>\$ (15,000)</u>	<u>\$ (9,000)</u>	<u>\$ 6,000</u>
Net Change in Fund Balance	\$ (9,270)	\$ (4,090)	\$ 54,167	\$ 58,257
Fund Balance, Beginning of Year	<u>178,426</u>	<u>178,426</u>	<u>178,426</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 169,156</u>	<u>\$ 174,336</u>	<u>\$ 232,593</u>	<u>\$ 58,257</u>

**VILLAGE OF BARODA
SPECIAL REVENUE FUND
Major Street Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended March 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal revenue:				
Operating grants	\$ 70,000	\$ 70,000	\$ 90,744	\$ 20,744
State revenue:				
Operating grants	46,700	48,960	48,320	(640)
Interest and rents	<u>150</u>	<u>150</u>	<u>87</u>	<u>(63)</u>
Total Revenues	<u>\$ 116,850</u>	<u>\$ 119,110</u>	<u>\$ 139,151</u>	<u>\$ 20,041</u>
Expenditures:				
General Government:				
Finance and Tax Administration:				
Other:				
Other services and charges	<u>\$ 700</u>	<u>\$ 700</u>	<u>\$ 587</u>	<u>\$ 113</u>
Total Finance and Tax Administration	<u>\$ 700</u>	<u>\$ 700</u>	<u>\$ 587</u>	<u>\$ 113</u>
All Other General Government:				
Other General Government:				
Personal services	\$ 800	\$ 800	\$ 205	\$ 595
Supplies	-	-	3	(3)
Other services and charges	570	570	585	(15)
Capital outlay	<u>-</u>	<u>380</u>	<u>379</u>	<u>1</u>
Total All Other General Government	<u>\$ 1,370</u>	<u>\$ 1,750</u>	<u>\$ 1,172</u>	<u>\$ 578</u>
Total General Government	<u>\$ 2,070</u>	<u>\$ 2,450</u>	<u>\$ 1,759</u>	<u>\$ 691</u>
Public Works:				
Road Commission:				
Personal services	\$ 13,555	\$ 13,555	\$ 10,792	\$ 2,763
Supplies	7,000	7,000	3,810	3,190
Other service and charges	<u>147,500</u>	<u>150,255</u>	<u>134,735</u>	<u>15,520</u>
Total Road Commission	<u>\$ 168,055</u>	<u>\$ 170,810</u>	<u>\$ 149,337</u>	<u>\$ 21,473</u>

**VILLAGE OF BARODA
SPECIAL REVENUE FUND
Major Street Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended March 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures - Continued:				
Total Public Works	\$ 168,055	\$ 170,810	\$ 149,337	\$ 21,473
Total Expenditures	\$ 170,125	\$ 173,260	\$ 151,096	\$ 22,164
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (53,275)	\$ (54,150)	\$ (11,945)	\$ 42,205
Other Financing Sources:				
Operating transfers in	\$ 40,500	\$ 43,250	\$ 43,252	\$ 2
Total Other Financing Sources	\$ 40,500	\$ 43,250	\$ 43,252	\$ 2
Net Change in Fund Balances	\$ (12,775)	\$ (10,900)	\$ 31,307	\$ 42,207
Fund Balances, Beginning of Year	24,931	24,931	24,931	-
FUND BALANCES, END OF YEAR	<u>\$ 12,156</u>	<u>\$ 14,031</u>	<u>\$ 56,238</u>	<u>\$ 42,207</u>

**VILLAGE OF BARODA
SPECIAL REVENUE FUND
Local Street Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended March 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State revenue:				
Operating grants	\$ 13,000	\$ 16,650	\$ 16,885	\$ 235
Interest and rents	<u>50</u>	<u>50</u>	<u>6</u>	<u>(44)</u>
Total Revenues	<u>\$ 13,050</u>	<u>\$ 16,700</u>	<u>\$ 16,891</u>	<u>\$ 191</u>
Expenditures:				
General Government:				
Finance and Tax Administration:				
Other:				
Other services and charges	<u>\$ 700</u>	<u>\$ 700</u>	<u>\$ 587</u>	<u>\$ 113</u>
Total Finance and Tax Administration	<u>\$ 700</u>	<u>\$ 700</u>	<u>\$ 587</u>	<u>\$ 113</u>
All Other Government:				
Other General Government:				
Personal services	\$ 650	\$ 650	\$ 205	\$ 445
Supplies	-	-	3	(3)
Other services and charges	570	570	585	(15)
Capital outlay	<u>-</u>	<u>380</u>	<u>379</u>	<u>1</u>
Total All Other Government	<u>\$ 1,220</u>	<u>\$ 1,600</u>	<u>\$ 1,172</u>	<u>\$ 428</u>
Total General Government	<u>\$ 1,920</u>	<u>\$ 2,300</u>	<u>\$ 1,759</u>	<u>\$ 541</u>

VILLAGE OF BARODA
SPECIAL REVENUE FUND
Local Street Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended March 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures - Continued:				
Public Works:				
Road Commission:				
Personal services	\$ 9,650	\$ 10,615	\$ 9,655	\$ 960
Supplies	5,500	5,500	3,785	1,715
Other services and charges	<u>31,800</u>	<u>13,300</u>	<u>10,986</u>	<u>2,314</u>
Total Public Works	<u>\$ 46,950</u>	<u>\$ 29,415</u>	<u>\$ 24,426</u>	<u>\$ 4,989</u>
Total Expenditures	<u>\$ 48,870</u>	<u>\$ 31,715</u>	<u>\$ 26,185</u>	<u>\$ 5,530</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (35,820)</u>	<u>\$ (15,015)</u>	<u>\$ (9,294)</u>	<u>\$ 5,721</u>
Other Financing Sources:				
Operating transfers in	<u>\$ 35,000</u>	<u>\$ 15,000</u>	<u>\$ 9,000</u>	<u>\$ (6,000)</u>
Total Other Financing Sources	<u>\$ 35,000</u>	<u>\$ 15,000</u>	<u>\$ 9,000</u>	<u>\$ (6,000)</u>
Net Change in Fund Balances	\$ (820)	\$ (15)	\$ (294)	\$ (279)
Fund Balances, Beginning of Year	<u>2,023</u>	<u>2,023</u>	<u>2,023</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,203</u>	<u>\$ 2,008</u>	<u>\$ 1,729</u>	<u>\$ (279)</u>

VILLAGE OF BARODA
SPECIAL REVENUE FUND
Revolving Loan Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended March 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal revenue:				
Operating grants	\$ -	\$ 50,000	\$ 50,000	\$ -
Interest and rents	-	1,340	1,340	-
Other revenue	-	11,260	11,260	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	\$ -	\$ 62,600	\$ 62,600	\$ -
Expenditures:				
Community and Economic Development:				
All Other Development Activities:				
Other services and charges	\$ -	\$ 66,000	\$ 66,000	\$ -
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Community and Economic Development:	\$ -	\$ 66,000	\$ 66,000	\$ -
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	\$ -	\$ 66,000	\$ 66,000	\$ -
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ (3,400)	\$ (3,400)	\$ -
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other Financing Sources (Uses):				
Operating transfers in	\$ -	\$ 10	\$ 10	\$ -
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources (Uses):	\$ -	\$ 10	\$ 10	\$ -
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Change in Fund Balance	\$ -	\$ (3,390)	\$ (3,390)	\$ -
Fund Balances, Beginning of Year	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>	<u> </u>
FUND BALANCES, END OF YEAR	<u>\$ 16,000</u>	<u>\$ 12,610</u>	<u>\$ 12,610</u>	<u>\$ -</u>

**VILLAGE OF BARODA
GENERAL FUND
Statement of Revenues, Compared to Budget
For the Year Ended March 31, 2011
With Comparative Totals For the Year Ended March 31, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2010 Actual</u>
Revenues:				
Taxes:				
Property tax collections	\$ 178,620	\$ 178,826	\$ 206	\$ 196,310
Trailer fees	<u>850</u>	<u>831</u>	<u>(19)</u>	<u>849</u>
Total Taxes	<u>\$ 179,470</u>	<u>\$ 179,657</u>	<u>\$ 187</u>	<u>\$ 197,159</u>
Licenses and permits:				
General government	\$ 5,070	\$ 5,168	\$ 98	\$ 5,677
Public safety	<u>4,250</u>	<u>3,878</u>	<u>(372)</u>	<u>4,802</u>
Total Licenses and Permits	<u>\$ 9,320</u>	<u>\$ 9,046</u>	<u>\$ (274)</u>	<u>\$ 10,479</u>
State revenues:				
State revenue sharing	<u>\$ 67,000</u>	<u>\$ 68,225</u>	<u>\$ 1,225</u>	<u>\$ 68,483</u>
Total state revenues	<u>\$ 67,000</u>	<u>\$ 68,225</u>	<u>\$ 1,225</u>	<u>\$ 68,483</u>
Graves	<u>\$ 2,200</u>	<u>\$ 2,172</u>	<u>\$ (28)</u>	<u>\$ 1,120</u>
Interest and rents	<u>\$ 20,300</u>	<u>\$ 21,950</u>	<u>\$ 1,650</u>	<u>\$ 23,608</u>
Contributions:				
Public works operating	<u>\$ 330</u>	<u>\$ 444</u>	<u>\$ 114</u>	<u>\$ 285</u>
Total Contributions	<u>\$ 330</u>	<u>\$ 444</u>	<u>\$ 114</u>	<u>\$ 285</u>
Other	<u>\$ 2,080</u>	<u>\$ 1,790</u>	<u>\$ (290)</u>	<u>\$ 1,984</u>
TOTAL REVENUES	<u><u>\$ 280,700</u></u>	<u><u>\$ 283,284</u></u>	<u><u>\$ 2,584</u></u>	<u><u>\$ 303,118</u></u>

**VILLAGE OF BARODA
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended March 31, 2011
With Comparative Totals For the Year Ended March 31, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2010 Actual</u>
General Government:				
Legislative:				
Personal services	\$ 9,655	\$ 9,125	\$ 530	\$ 8,572
Other services and charges	<u>250</u>	<u>-</u>	<u>250</u>	<u>25</u>
Total Trustees	<u>\$ 9,905</u>	<u>\$ 9,125</u>	<u>\$ 780</u>	<u>\$ 8,597</u>
President:				
Personal services	\$ 8,075	\$ 7,497	\$ 578	\$ 7,885
Other services and charges	<u>350</u>	<u>45</u>	<u>305</u>	<u>25</u>
Total President	<u>\$ 8,425</u>	<u>\$ 7,542</u>	<u>\$ 883</u>	<u>\$ 7,910</u>
Clerk:				
Personal services	\$ 40,925	\$ 40,816	\$ 109	\$ 39,108
Other services and charges	<u>1,225</u>	<u>659</u>	<u>566</u>	<u>662</u>
Total Clerk	<u>\$ 42,150</u>	<u>\$ 41,475</u>	<u>\$ 675</u>	<u>\$ 39,770</u>
Finance and Tax Administration:				
Treasurer:				
Personal services	\$ 13,730	\$ 12,443	\$ 1,287	\$ 13,800
Other services and charges	<u>1,245</u>	<u>749</u>	<u>496</u>	<u>661</u>
Total Treasurer	<u>\$ 14,975</u>	<u>\$ 13,192</u>	<u>\$ 1,783</u>	<u>\$ 14,461</u>
Other:				
Other services and charges	<u>\$ 5,500</u>	<u>\$ 5,284</u>	<u>\$ 216</u>	<u>\$ 5,284</u>
Total Finance and Tax Administration	<u>\$ 20,475</u>	<u>\$ 18,476</u>	<u>\$ 1,999</u>	<u>\$ 19,745</u>
All Other General Government				
Buildings and Grounds:				
Personal services	\$ 3,380	\$ 2,330	\$ 1,050	\$ 2,481
Supplies	1,500	886	614	784
Other services and charges	11,370	8,167	3,203	7,850
Capital outlay	<u>500</u>	<u>59</u>	<u>441</u>	<u>48</u>
Total Buildings and Grounds	<u>\$ 16,750</u>	<u>\$ 11,442</u>	<u>\$ 5,308</u>	<u>\$ 11,163</u>

**VILLAGE OF BARODA
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended March 31, 2011
With Comparative Totals For the Year Ended March 31, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2010 Actual</u>
General Government - Continued:				
Elections:				
Personal services	\$ -	\$ -	\$ -	\$ 462
Supplies	<u>-</u>	<u>-</u>	<u>-</u>	<u>676</u>
Total Elections	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,138</u>
Administrative and Office:				
Personal services	\$ 2,150	\$ 1,800	\$ 350	\$ 2,006
Supplies	2,000	1,237	763	1,788
Other services and charges	27,430	21,831	5,599	19,567
Capital outlay	<u>1,150</u>	<u>1,136</u>	<u>14</u>	<u>-</u>
Total Administrative and Office	<u>\$ 32,730</u>	<u>\$ 26,004</u>	<u>\$ 6,726</u>	<u>\$ 23,361</u>
Total All Other General Government	<u>\$ 49,480</u>	<u>\$ 37,446</u>	<u>\$ 12,034</u>	<u>\$ 35,662</u>
Total General Government	<u>\$ 130,435</u>	<u>\$ 114,064</u>	<u>\$ 16,371</u>	<u>\$ 111,684</u>
Public Safety:				
Police/Sheriff:				
Other services and charges	<u>\$ 1,070</u>	<u>\$ 1,063</u>	<u>\$ 7</u>	<u>\$ 1,090</u>
Public Safety Department:				
Other services and charges	<u>\$ 12,600</u>	<u>\$ 12,600</u>	<u>\$ -</u>	<u>\$ 12,600</u>
Building Inspection:				
Personal services	\$ 100	\$ -	\$ 100	\$ -
Other services and charges	<u>4,950</u>	<u>3,975</u>	<u>975</u>	<u>3,373</u>
Total Building Inspection	<u>\$ 5,050</u>	<u>\$ 3,975</u>	<u>\$ 1,075</u>	<u>\$ 3,373</u>
Ordinance Enforcement:				
Personal services	\$ -	\$ 25	\$ (25)	\$ -
Other services and charges	<u>500</u>	<u>580</u>	<u>(80)</u>	<u>120</u>
Total Ordinance Enforcement	<u>\$ 500</u>	<u>\$ 605</u>	<u>\$ (105)</u>	<u>\$ 120</u>
Total Public Safety	<u>\$ 19,220</u>	<u>\$ 18,243</u>	<u>\$ 977</u>	<u>\$ 17,183</u>

**VILLAGE OF BARODA
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended March 31, 2011
With Comparative Totals For the Year Ended March 31, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2010 Actual</u>
Public Works:				
Infrastructure:				
Department of Public Works:				
Personal services	\$ 26,540	\$ 25,207	\$ 1,333	\$ 26,365
Supplies	1,500	1,628	(128)	1,232
Other services and charges	25,700	21,374	4,326	20,354
Capital outlay	<u>1,500</u>	<u>870</u>	<u>630</u>	<u>6,749</u>
Total Department of Public Works	<u>\$ 55,240</u>	<u>\$ 49,079</u>	<u>\$ 6,161</u>	<u>\$ 54,700</u>
Drains:				
Other services and charges	<u>\$ 660</u>	<u>\$ 659</u>	<u>\$ 1</u>	<u>\$ 7,492</u>
Highways and Streets:				
Personal services	\$ 1,950	\$ 1,175	\$ 775	\$ 1,061
Supplies	400	-	400	-
Other services and charges	<u>3,250</u>	<u>315</u>	<u>2,935</u>	<u>1,538</u>
Total Highways and Streets	<u>\$ 5,600</u>	<u>\$ 1,490</u>	<u>\$ 4,110</u>	<u>\$ 2,599</u>
Street Lighting				
Other services and charges	<u>\$ 15,000</u>	<u>\$ 15,220</u>	<u>\$ (220)</u>	<u>\$ 13,680</u>
Total Infrastructure	<u>\$ 76,500</u>	<u>\$ 66,448</u>	<u>\$ 10,052</u>	<u>\$ 78,471</u>
Total Public Works	<u>\$ 76,500</u>	<u>\$ 66,448</u>	<u>\$ 10,052</u>	<u>\$ 78,471</u>
Community and Economic Development:				
Planning Commission:				
Personal services	\$ 2,880	\$ 1,984	\$ 896	\$ 2,330
Other services and charges	<u>7,850</u>	<u>4,206</u>	<u>3,644</u>	<u>5,666</u>
Total Planning Commission	<u>\$ 10,730</u>	<u>\$ 6,190</u>	<u>\$ 4,540</u>	<u>\$ 7,996</u>

**VILLAGE OF BARODA
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended March 31, 2011
With Comparative Totals For the Year Ended March 31, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2010 Actual</u>
Community and Economic Development - Continued:				
Downtown Development Authority:				
Other services and charges	\$ 4,500	\$ 3,890	\$ 610	\$ 4,053
Other:				
Other services and charges	\$ 4,000	\$ 2,984	\$ 1,016	\$ 14,726
Total Community and Economic Development	<u>\$ 19,230</u>	<u>\$ 13,064</u>	<u>\$ 6,166</u>	<u>\$ 26,775</u>
Recreation and Culture:				
Parks and Recreation:				
Personal services	\$ 7,555	\$ 5,465	\$ 2,090	\$ 4,401
Supplies	250	26	224	204
Other services and charges	9,350	2,807	6,543	5,715
Capital outlay	<u>500</u>	<u>-</u>	<u>500</u>	<u>294</u>
Total Parks and Recreation	<u>\$ 17,655</u>	<u>\$ 8,298</u>	<u>\$ 9,357</u>	<u>\$ 10,614</u>
Other:				
Capital outlay	<u>6,750</u>	<u>-</u>	<u>6,750</u>	<u>-</u>
Total Recreation and Cultural	<u>\$ 24,405</u>	<u>\$ 8,298</u>	<u>\$ 16,107</u>	<u>\$ 10,614</u>
TOTAL EXPENDITURES	<u>\$ 269,790</u>	<u>\$ 220,117</u>	<u>\$ 49,673</u>	<u>\$ 244,727</u>

**VILLAGE OF BARODA
NONMAJOR SPECIAL REVENUE FUND
Harvest Feast Fund
Balance Sheet
March 31, 2011**

	<u>2011</u>
Assets	
Cash and cash equivalents	\$ <u>712</u>
 TOTAL ASSETS	 \$ <u><u>712</u></u>
 Fund Balances	
Unreserved	\$ <u>712</u>
 TOTAL FUND BALANCE	 \$ <u><u>712</u></u>

**VILLAGE OF BARODA
NONMAJOR SPECIAL REVENUE FUND
Harvest Feast Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended March 31, 2011**

	<u>2011</u>
Revenues:	
State revenue:	
Operating grants	\$ 1,500
Interest and rents	2
Other revenue	<u>2,680</u>
Total Revenues	<u>\$ 4,182</u>
Expenditures:	
Recreation and Culture:	
Various Cultural Activities:	
Personal services	\$ 1,620
Supplies	906
Other services and charges	<u>944</u>
Total Various Cultural Activities	<u>\$ 3,470</u>
Total Recreation and Culture	<u>\$ 3,470</u>
Total Expenditures	<u>\$ 3,470</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 712</u>
Net Change in Fund Balance	\$ 712
Fund Balances, Beginning of Year	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 712</u></u>

May 5, 2011

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Village Council
Village of Baroda
Baroda, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Baroda, as of and for the year ended March 31, 2011, which collectively comprise the Village of Baroda's basic financial statements and have issued our report thereon dated May 5, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Baroda's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Baroda's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Baroda's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting - 2011-01. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Right. On time.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS - Continued**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Baroda's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Village of Baroda in a separate letter dated May 5, 2011.

This report is intended solely for the information and use of management, the Village Council, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

Geskel & Company, P.C.

VILLAGE OF BARODA
Schedule of Findings and Responses
For the Year Ended March 31, 2011

Current Year

Findings - Financial Statement Audit

2011-01

Finding Type: Significant Deficiency

Criteria: The Village's internal control structure should provide for proper segregation of duties.

Condition: The Village lacks segregation of duties in all aspects of financial reporting.

Cause: Segregation of duties was not provided for in the responsibilities of the accounting staff throughout the year.

Effect: Material misstatements could occur within the accounting data and not be detected on a timely basis.

Recommendation: The Village's small accounting department limits the extent of segregation of duties; however, no one individual should have overlapping responsibilities relative to custodianship, authorization, and/or recordkeeping. While the Village is aware of the small department size, we recommend they remain conscious of this issue when adopting any new policies in the future.

Views of Responsible Officials and Planned Corrective Actions: The Village is always trying to improve internal controls and will continue to improve the controls and will continue to do so in the future.

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

May 5, 2011

Communication of Significant Deficiencies That Indicates No Material Weaknesses in Internal Control

To the Village Council
Village of Baroda
Baroda, Michigan

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Baroda as of and for the year ended March 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Village of Baroda's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Baroda's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Baroda's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not note any deficiencies in the Village of Baroda's internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the Village of Baroda's internal control to be significant deficiencies:

1. As is the case with many small villages, the Village's staff size is too small to ensure adequate segregation of internal controls. We understand this is primarily due to financial constraints.

In addition, we noted other matters involving the internal control and its operation that we have reported to management of the Village of Baroda in a separate letter dated May 5, 2011.

This communication is intended solely for the information and use of management, Village Council, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



GERBEL & COMPANY, P.C.
Certified Public Accountants

Right. On time.

PHONE: 269-983-0534 ■ FAX: 269-983-7050 ■ EMAIL: gerbel@parrett.net ■ WEB SITE: www.gerbel.com

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

May 5, 2011

To the Village Council
Village of Baroda
Baroda, Michigan

In connection with our audit of the books and records of the Village of Baroda for the year ending March 31, 2011, we offer the following comments and recommendations:

The books and records were found to be well organized. Supporting documentation was detailed and readily available for inspection. The Village's administration and accounting personnel displayed a high level of dedication and cooperation in performing their duties and assisting us in completing ours.

We appreciate the cooperation and courtesy extended to us by the officials and employees of the Village of Baroda and trust that these comments and recommendations will be accepted in the spirit of cooperation in which they are intended.

Sincerely,


GERBEL & COMPANY, P.C.
Certified Public Accountants

Right. On time.

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CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

May 5, 2011

Communication with Those Charged with Governance at or Near the Conclusion of the Audit

To the Village Council
Village of Baroda
Baroda, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Baroda for the year ended March 31, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 20, 2011. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village of Baroda are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2011. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We did not note any estimates that we felt were particularly sensitive.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Right. On time.

PHONE: 269-983-0534 ■ FAX: 269-983-7050 ■ EMAIL: gerbel@parrett.net ■ WEB SITE: www.gerbel.com

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 5, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Village Council and management of the Village of Baroda and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,


GERBEL & COMPANY, P.C.
Certified Public Accountants